



Texas Grant Management Standards (TxGMS)

Statewide Procurement Division
Texas Comptroller of Public Accounts

12/17/2021

Training Objective

**To provide a thorough review of the
Texas Grant Management Standards
(TxGMS).**

Learning Outcomes

Background

Roles of the Statewide Procurement Division and state agencies

Grants vs. Procurement Contracts

Review of the Texas Grant Management Standards (TxGMS)

Best Practices

Frequently Asked Questions

Resources

Background

- The Comptroller of Public Accounts Statewide Procurement Division (SPD) publishes the Texas Grant Management Standards (TxGMS) under the authority of Chapter 783 of the Texas Government Code.
- The Comptroller's standards apply whenever the state issues grants to local governments. State agencies also often apply the standards to other grants.

The Texas Grant Management Standards - Defined

Established to promote the efficient use of public funds in local government and in programs requiring cooperation among local, state, and federal agencies.

As required in Chapter 783 of the Texas Government Code, the TxGMS includes:

1. Uniform and concise language for any assurances that a local government is required to make to a state agency, and;
2. A compilation of standard financial management conditions

The Texas Grant Management Standards should be fully implemented in January 2022.

Role of Statewide Procurement Division (SPD)

The Comptroller is responsible for state grant management standards.

The Texas Grant Management Standards (TxGMS) was published in January 2020, replacing the Uniform Grand Management Standards (UGMS).

The current TxGMS incorporates federal rules when a state grant program is governed by existing federal rules. (In cases where the state still has a higher standard, agencies may still need to comply with additional state requirements).

Role of State Agencies

Each grantor agency will need to establish its own requirements for grants. Where the TxGMS apply, state agencies generally need to follow it, but can add to and interpret it.

To award grants/resources there must be:

- A clear public benefit;
- Controls to ensure the public purpose is carried out; and
- Permission from the Legislature (i.e., a statute or appropriation)



Grants vs. Procurement Contracts

- **Procurement Contract:** A purchase of goods or services for the state.
- **Grant:** An award of funds to support the recipient's activity.

A grant is typically outside of the scope of most procurement and contract management rules.

The TxGMS *does not* apply to procurement contracts.

TxGMS Introduction & Review

- Uniform Assurances
- Standard Financial Management Conditions
 - Federal Grant vs. State Grant Programs
 - State Grant Programs
 - Grant Award to Local Government
 - Standards for Financial and Program Management
 - Grantee Subawards and Contracts
 - Property Standards
 - Performance and Financial Monitoring and Reporting
 - Retention Records and Access
 - Remedies for Noncompliance
 - Closeout and Post-Closeout Responsibilities
 - Collection of Amounts Due
 - Cost Principles
 - Audits

Uniform Assurances

Assurance: A statement of compliance with federal or state law that is required of a local government as a condition for the receipt of grant or contract funds.

TxGMS includes “uniform and concise language for any assurances that a local government is required to make to a state agency.”

List of assurances: TxGMS Appendix 6

Standard Financial Management Conditions

Financial Management Conditions:

- Accounting
- Reporting
- Management of funds

Standard Financial Management Conditions vary depending on funding source and type of transaction.

Federal Grant Programs

Federally funded grant programs administered by the State

State Grant Programs

Grant programs wholly funded by the State

State Grant Programs

Must comply with the following Standard Financial Management Conditions:

Standard Financial Management Conditions	TxGMS Page #
Grant Award to Local Government	12
Standards for Financial and Program Management	12
Grantee Subawards and Contracts	17
Property Standards	26
Performance and Financial Monitoring and Reporting	28
Records Retention and Access	29
Remedies for Noncompliance	29
Closeout	31
Post-Closeout Adjustments and Continuing Responsibilities	31
Collection of Amounts Due	31
Cost Principles	32
Audits	40

Grant Award to Local Government

- Written grant agreement with the state agency grantor
- Terms and conditions must address, as applicable:
 - Uniform Assurances
 - Program legislation
 - Program specific requirements
 - Relevant public policy requirements and
 - Specific conditions tailored to the local government

Reviewing the Grant Award

Grant recipients should carefully review the terms and conditions of their award (and any other agency documents incorporated into the award)

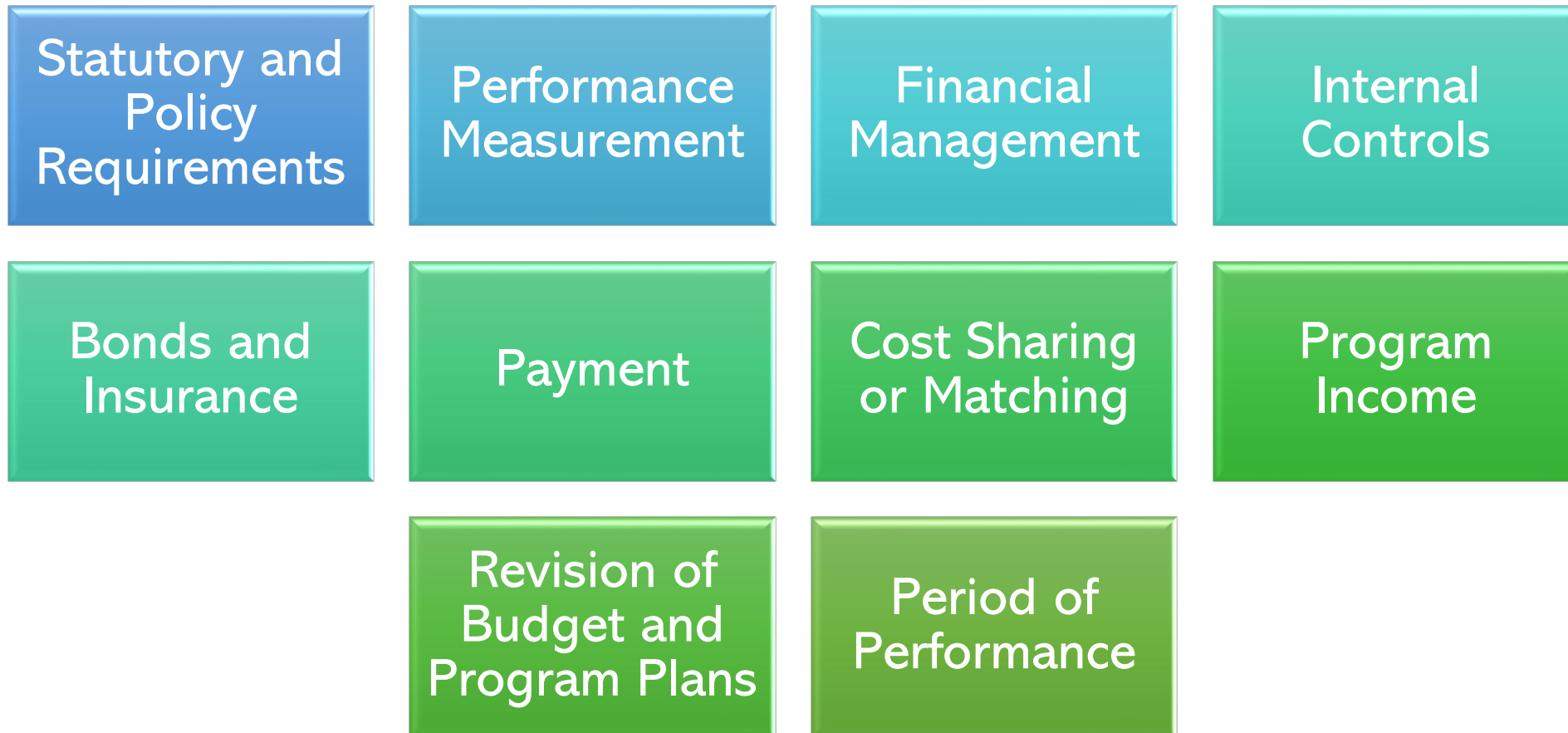
Statement of
Work

Monitoring
and
Reporting
Requirements

Performance
Standards

Payment
Provisions

Standards for Financial and Program Management



Grantee Subawards and Contracts

- **Sub-grantee and Contractor Determination:** Based on the relationship between the two entities
 - *Sub-recipient:* A sub-grant supports a program carried out by a sub-recipient.
 - *Subcontractor:* A subcontract is a commercial relationship in which an agency purchases goods or services for a program.
- **Procurement Contracts:** Follow the same documented policies and procedures that the local government uses for non-grant funded procurements, as well as comply with TxGMS and applicable law
- **Subaward Procedures:** Must be clearly identified and the subaward complies with the terms and conditions of the state award and TxGMS.

State Grant Program

Sub-grantee/Subrecipient and Contractor Determination

Sub-grantee/Subrecipient	Contractor
<p>Characteristics which support the classification of the entity as a sub-grantee include when the entity:</p> <ol style="list-style-type: none">(1) Determines who is eligible to receive what financial assistance;(2) Has its performance measured in relation to whether objectives of a grant program were met;(3) Has responsibility for programmatic decision making;(4) Is responsible for adherence to applicable grant program requirements specified in the state award; and(5) In accordance with its agreement, uses the state funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for the benefit of the local government.	<p>Characteristics indicative of a procurement relationship between the local government and a contractor are when the contractor:</p> <ol style="list-style-type: none">(1) Provides the goods and services within normal business operations;(2) Provides similar goods or services to many different purchasers;(3) Normally operates in a competitive environment;(4) Provides goods or services that are ancillary to the operation of the grant program; and(5) Is not subject to compliance requirements of the grant program as a result of the agreement, though similar requirements may apply for other reasons.



Property Standards

- Insurance Coverage
- Real Property
- State-owned Property
- Equipment
- Supplies
- Intangible Property
- Property Trust Relationship

Performance and Financial Monitoring and Reporting



FINANCIAL REPORTING



MONITORING AND REPORTING
PROGRAM PERFORMANCE



REPORTING ON REAL
PROPERTY

Records Retention and Access

Records pertinent to the state award include:



FINANCIAL
RECORDS



PERFORMANCE
RECORDS



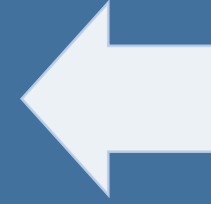
OTHER SUPPORTING
DOCUMENTS

These records must be maintained and retained by the local government (unless otherwise directed by the state agency)

The state awarding agency and State Auditor's Office (SAO) must have right of access to any documents pertinent to the award.

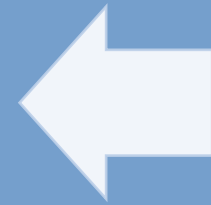
Remedies for Noncompliance

Additional Specific
Conditions and
Enforcement



Termination

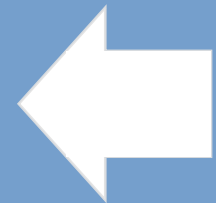
- Notification of Termination Requirement



Opportunities to
Object, Hearings, and
Appeals



Effects of Suspension
and Termination



Closeout

Closeout occurs when the state awarding agency determines that all applicable administrative actions and required work of the state award have been completed by the local government.

Closeout activities (by the local government entity) include:

- Submission of all reports
- Liquidation of all obligations
- Financial obligations finalized (final payments, refunds, etc.)

Post-Closeout Adjustments and Continuing Responsibilities

Closeout of a state award does NOT affect:

- The right of the state awarding agency to disallow costs and recover funds
- The obligation of the local government to return any funds as a result of refunds, corrections, or final indirect cost rate adjustments
- Audit requirements of the TxGMS
- Property management and disposition requirements
- Records retention requirements

Collection of Amounts Due

Any overages paid to the local government under the state award is considered a debt to the State of Texas.

Repayment is due within 90 calendar days after written demand.

The state awarding agency may charge interest on an overdue debt (unless otherwise provided by state law.)

Cost Principles – Fundamentals

The local government entity is responsible or assumes responsibility for:

- Efficient and effective administration of the state award
- Administering state funds consistent with underlying agreements, program objectives, and terms and conditions of the state award
- Employing sound organization and management techniques to properly administer the state award
- Consistent internal accounting policies and practices
- Not profiting from state financial assistance (unless explicitly authorized)



Indirect Cost Rate

Indirect costs are:

- Items that are shared by more than one program and;
- Are difficult to split up

Indirect costs are paid to the grantee as a percentage of the direct costs.

Indirect cost rate is figured based on the total annual budget of the organization; typically determined between the grantor and grantee.

Audits

Audit Requirements:

- A local government that expends more than \$750,000 during its fiscal year in state awards must have either a Financial Audit or Program-specific Audit for that year

Auditee Responsibilities:

- Arrange for the audit
- Prepare appropriate financial statements
- Take prompt corrective actions on audit findings
- Provide the auditor with required access

State Awarding Agency Responsibilities:

- Ensure audits are completed in a timely manner (including associated reports)
- Provide technical advice and counsel to auditees
- Follow up on audit findings to ensure local governments are taking prompt and appropriate corrective actions

Best Practices

Working with a Subrecipient	Identify Risk Draft an Agreement Monitor
Selecting a Subcontractor	Balance effective administration Encourage ethical practices and competition in procurement Maintain oversight
Keep Records	Financial Records Internal Controls Audit Requirements

Frequently Asked Questions

Question: Can an entity begin implementing procurement guidelines of TxGMS before January 2022?

Answer: TxGMS can be used if both parties agree.

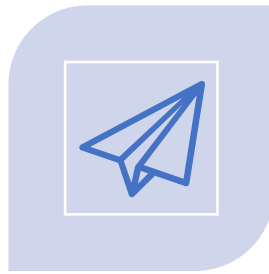
Question: Are Texas grants required to be registered in SAM like federal awards?

Answer: It is only required if the Grantor requires it to be registered in SAM.

Resources & Contact Information



[GRANT MANAGEMENT
WEBSITE](#)



TXGMS@CPA.TEXAS.GOV



[TEXAS GRANT
MANAGEMENT
STANDARDS \(TXGMS\)](#)



[EGRANTS WEBSITE](#)



Thank you

For your attention & cooperation!

Statewide Procurement Division